

PHILIP MORRIS U. S. A.  
INTER-OFFICE CORRESPONDENCE  
RICHMOND, VIRGINIA

PERSONAL &  
CONFIDENTIAL

(F)

To: . Those Listed  
From: . M. R. Opocensky  
Subject: . Directors' Technical Meeting - September 9, 1982

Date: September 10, 1982

Present: Drs. Hausermann, Farone, Osdene; Messrs. Meyer, Thomson, Turano;  
and Ms. Hutcheson, Ms. Lunsford

I. R. J. REYNOLDS INFRINGEMENT SUIT

Mrs. Hutcheson, Patent Coordinator, reported that R. J. Reynolds has filed an new interrogatory which was received here at Philip Morris on September 7. The interrogatory includes new requests for documentation regarding various aspects of economics, capital expenditures, tar reduction, health benefits and savings achieved with respect to the DIET process. Requests for documents in the possession of a number of senior Philip Morris management personnel were also requested as well as licensing information and documentation from various meetings held between P.M. and AIRCO during the formative stages of the DIET process. Discovery and depositions continue with a number of depositions by both RJR and Philip Morris planned for the time period beginning September 20 and ending sometime during the week of November 16. With respect to Reynolds' infringement suit filed against Rothmans in the U.K., Mr. Ed. Bailey of Fish & Neave and Mr. Jim Schardt of the P.M. Patent Group met with attorneys at Reddie & Grose to discuss British law with respect to the infringement suit, and while there they also met with Knut Hetzer an attorney with PM GMBH. Philip Morris Inc. has agreed that F&N will provide assistance to Rothmans. AIRCO indemnified Rothmans at a rate of 50% as of the day of Writ and, therefore, will pick up certain of Rothmans' legal expenses which will be incurred during prosecution of this suit in the U.K.

II. LASER LITIGATION

Mrs. Hutcheson reported on the current status of litigation of Gould's laser patents and applications. She related the basic settlement which has been consummated between General Motors and Gould in which General Motors has agreed to pay an initial payment of \$270,000. Royalties are based on 2.5% of value added up to a maximum of \$90,000 per year. Continued payment of royalties is contingent on Gould prevailing in other suits currently underway in Florida and the District of Columbia. The issues involved are extremely complex and no doubt will take a great deal of time and effort to resolve.

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### III. INTERFERENCE WITH BROWN AND WILLIAMSON

A brief status report was presented on the interference for the original microbial denitration applications of Semp and Teng filed in 1978. Although an agreement has been obtained from P.M. management to pursue a cross-license settlement, Brown & Williamson has not replied to this suggestion. If we do not hear from B&W within the next week or so, motions will be due in the Patent Office by October 5. Dr. Farone made the point that the interference did not involve our currently preferred mode of operation.

### IV. BARCLAY INTRODUCTION IN SWITZERLAND

Mrs. Hutcheson mentioned that it is rumored that a grooved filter product may be introduced around the first of October and could possibly be tested in Switzerland shortly thereafter. There is no indication at this time that P.M. plans to introduce a product on the market; however, this situation may change depending on the introduction of a Barclay product by BAT in Switzerland.

### V. PUBLICATIONS: PHILOSOPHY AND SCIENCE

It was suggested that Mr. Alex Holtzman and Mr. Frank Resnik come to Richmond for a meeting with the Directors and Dr. Hausermann to develop some guidelines on what we may or may not publish or present at various symposia.

After considerable discussion it was agreed that a completed copy of the paper should be sent to the Director at the same time it is sent to the Manuscript Review Committee. Carol Lunsford should call the attention of the Director to papers with potential problems, and they in turn should alert Dr. Hausermann as soon as practical.

It was pointed out that authors are not preparing manuscripts far enough ahead to provide for orderly approval. New York needs at least four weeks. Care should be taken with review papers. It was suggested that a number of papers should always be on the shelf in order to eliminate any last minute problems for presentation at symposia.

### VI. COMMUNICATIONS

Close attention must be given to critical information being passed to N.Y. management prior to Dr. Hausermann and/or a Director discussing it with Mr. McDowell. Concentrated effort must be made to avoid information on R&D matters reaching Mr. McDowell by an alternative source.

Some effort should be made to assess the purpose and degree of secrecy clearance of requested tours (even those suggested by Operations and Tobacco Technology/Management) and communicate this information to those doing the touring. We do not have to automatically agree to all requests or to the timing suggested.

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## VII. COMPUTER APPLICATIONS EXPERIMENT IN LARGE SCALE DATA HANDLING

Dr. Farone proposed that we purchase a backend data processor for the computer area. This hardware would cost \$80,000 including installation and \$60,000 would be required for the software. The software is required for more efficient operation of our current system and would be purchased separately. This proposal will take the place of the purchase of the mini-systems which we had planned.

The backend processor is a specialized type of computer that points to pieces of data in a much more efficient manner than just having it lined up on a disc. The equipment should have the potential of extending our machines' capability by a factor of 2, thereby providing better service to Central File, CES, and the Cigarette Testing area, etc.

## VIII. REYNOLDS' WEIGHT REDUCTION

The speculation regarding Reynolds' weight reduction will be better defined for the presentation at the Richmond Meeting.

## IX. EXPANSION

The total blend expansion work has been finished and the program is on the shelf. We obtained marginal expansion by this approach and losses outweighed the gains. We have come to the conclusion that for Philip Morris, rather than totally expanding the whole blend, we could get better mileage by working on the burley and bright separately. By this we can get around the sugar treatment, and heating of bright is one possibility. We have much of the information and plan to review it. If the total blend is heated in order to stiffen it, the friability is increased. The biggest single increase would be in eliminating the fines from the cigarettes.

## X. TOBACCO UTILIZATION UPDATE

### a. Mass Balance

Mass Balance has been taken over by Finance, and they are going to start with the MC Primary. R&D has been committed for two things: (1) Dr. Farone's group will give them computer support in the way of any program assistance they would need. (2) If they needed some preliminary analytical work done--flavor losses, casing losses, etc.--we will do that. Mass balance accounts for where all of the material goes.

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b. CTB

Mr. McDowell advocates making the CT product in all factories and not in just one place. The equipment at the Manufacturing Center would be capable of running at 7 1/2%, but we would want capability to run 1 to 2% in the product also at Louisville and at Stockton. At this point, we don't know if additional equipment is needed. Right now we are making some runs at 1 to 2% to see if the material slurries up so that Mr. Burnley can determine the cost of this approach.

c. Park 500

The Park 500 splitter is now being used on Line 1. Material from these tests is being run in the Semiworks. We are trying to see what it translates to in cut filler. There is far less dust in this operation, and most of the product is above the 2 to 3" screens.

XI. COOPERATION FROM FACTORY

We need better cooperation from Q.A. and Manufacturing for factory trials. Mr. Turano will address this problem at the Tobacco Utilization meeting.

XII. LUNCH BUNCH

Report on trip to Europe--Italy, Germany, and Berlin as well. The report will be given at the Richmond Meeting on Wednesday, September 15. Bates will give European Trip Report; E. F. Pierce will report on Stemmary Audit and J. M. Frye will give report on Operations Center Dedication.

XIII. O.C. PLANNING CONFERENCE

Presentations of the R&D 5-Year Plan will be given by the following:

Dr. Hausermann (introduction)  
Dr. Farone (three topics)  
Mr. Meyer (three topics)  
Mr. Turano (one topic)

*Margaret R. Opocinsky*

Those Listed:

Dr. M. Hausermann  
Dr. W. A. Farone  
Mr. L. F. Meyer  
Dr. T. S. Osdone ✓  
Mr. R. N. Thomson  
Mr. L. R. Turano

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